

## China's Exports Surge, Imports Rise to Record as Trade Rebounds

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Jan. 10 (Bloomberg) -- China's exports rose in December for the first time in 14 months and imports surged 55.9 percent to a record as the nation helps power a global recovery.

Rebounding trade may encourage Chinese policy makers to let the yuan resume its appreciation against the dollar this year after a 17-month halt that aided the nation's exports as demand slumped. Preventing currency gains helped China overtake Germany as the world's No. 1 exporter in 2009 even as the Asian nation reported today its first annual decline in overseas shipments in more than 25 years.

The data "could add more pressure on the renminbi," said Lu Ting, an economist at Bank of America-Merrill Lynch in Hong Kong, using another term for the yuan. The "handsome recovery of China's external trade" mirrored gains by other nations in the region, Lu said.

China's shipments to the U.S. and the European Union grew 15.9 percent and 10.2 percent respectively in December from a year earlier, the data showed. Imports from Australia and Malaysia more than doubled.

Export gains may make the world's fastest-growing major economy less dependent on government stimulus measures, which included letting banks extend record credit last year.

### \$18.4 Billion Trade Surplus

The central bank last week guided three-month bill yields higher, suggesting that the government wants to rein in liquidity to limit the risks of real-estate bubbles and resurgent inflation. The State Council said today that the government would strengthen guidance of banks' home loans.

Exports were \$130.7 billion and imports were \$112.3 billion, leaving a trade surplus of \$18.4 billion. The customs bureau said the import value was unprecedented and exports were the fourth-largest on record.

"The rebound in export growth is no surprise given the collapse in trade at the end of 2008," said Brian Jackson, an emerging-markets strategist at Royal Bank of Canada in Hong Kong. "But this is still good news and reflects a real improvement in external demand."

For the full year, China's exports fell 16 percent and imports declined 11.2 percent. The trade surplus was \$196.06 billion, sliding for the first time since 2003 and falling short of 2008's record \$295.5 billion.

### Slump Declared Over

December's numbers show the slump is over for China's exporters, Huang Guohua, a statistics official with the customs bureau, said today in an interview broadcast on state television. That comment contrasts with Chinese leaders saying in the past month that a global economic recovery is not on a solid footing.

Chinese imports are being boosted by the nation's strengthening recovery, manufacturers buying materials for processing into exports, and an increase in commodity prices. On the nation's east coast, Qingdao Port Group Co. is expanding wharves to handle iron-ore imports.

"Surging imports show that the economic stimulus policies are effectively boosting domestic demand, which also helps to drive the global economic recovery," the customs bureau said in a statement.

For all of 2009, iron-ore imports surged 42 percent from a year earlier, copper and its products soared 63 percent, and aluminum and its products climbed 164 percent, the data showed.

### Currency Gains

While Premier Wen Jiabao said Dec. 27 that the nation will "absolutely not yield" to trading partners' calls for currency gains, yuan forwards indicate that the government will allow appreciation of 3 percent against the dollar in the next year. The yuan closed at 6.8275 per dollar on Jan. 8.

Yuan forwards rose to their highest level in more than a month on Jan. 8 after the central bank guided the increase in three-month bill yields. The currency gained 21 percent in three years after a fixed exchange rate was scrapped in July 2005.

China surpassed Germany in 2007 to become the third-largest economy and is forecast to overtake Japan this year, assuming the No. 2 spot behind the U.S.

Germany shipped 734.6 billion euros (\$1.05 trillion) of exports in the first 11 months of last year, the Federal Statistics Office said Jan. 8. That compared with China's \$1.07 trillion over that period.

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